

ICC Performance and Tracking Metrics Workshop #3 Comments



J.C. Kibbey, Illinois Clean Energy Advocate

Legislative Intent - Outcomes

- “Urgently moving electric utilities toward the State's ambitious energy policy goals:
 - protecting a healthy environment and climate,
 - improving public health, and
 - creating quality jobs and economic opportunities, including wealth building, especially in economically disadvantaged communities and communities of color.”

Legislative Intent – Business Model

- “Addressing [the stated policy outcomes] requires changes to the business model under which utilities in Illinois have traditionally functioned.”
- “It is important to address concerns that [past approaches to utility regulation] may have resulted in excess utility spending and guaranteed profits without meaningful improvements in customer experience, rate affordability, or equity.”

Principles for PBR

1. Avoid double-counting.
2. Root metrics in strong existing data.
3. Customers receive the majority of benefits.
4. Data should be easily accessible and understandable.
5. Bear in mind historical issues with the existing utility business model.
6. Direct and simple metrics are preferable.
7. Account for existing trends.
8. Measure *outcomes* rather than *inputs* where possible.
9. Metrics should be granular, to reveal outcomes that are inequitable across geographies or demographics.
10. Performance metrics should maximally incent equitable outcomes.

Principles for Categories of Metrics

Applicable to both performance and tracking metrics

Reliability

1. Incent equitable and consistent reliability across communities and geographic areas. System-wide averages can obscure inequitable outcomes.
2. Reliability is important for all customer classes, but for residential customers – particularly vulnerable people – it can be a matter of life and death. Reliability metrics should consider the priorities of various customer classes and communities accordingly.

Peak Load Reductions

1. Peak load reduction goals should account for extensive opportunities that exist beyond existing / traditional demand response programs and consider feedback from third-party demand response providers.
2. Pollution reductions from peak load reduction should be 1) tracked and 2) included in the baseline for pollution reduction performance metrics.
3. Not all “peaks” are equal. The highest peaks are generally the most expensive and most polluting. Peak load reduction metrics should consider this.
4. Anticipate that the timing and characteristics of peaks may change as our energy systems do.

Affordability

1. Disconnections or arrears are potentially valuable metrics for measuring affordability.
2. People with low incomes, who are disproportionately Black, Latino, and Indigenous, face the highest energy burdens. We should directly track energy burden, including across demographics.
3. Any affordability metrics which measure *overall* bills should account for the *limited* (not nonexistent) control which utilities have over the price of energy.
4. Transmission can enable quantifiable reductions in energy prices.
5. Affordability metrics *may* be able to account for reduced costs outside of electric service, such as reduced home heating costs from electrification. Deliberate design is needed to avoid gaming.
6. Energy assistance, energy efficiency, renewable energy, and other utility programs can improve affordability. The breadth and depth of these programs and their participants should be tracked, including demographic data.

Interconnection

1. Clean distributed energy resources (DERs) are essential for “protecting a healthy environment and climate” and, particularly when customer-owned, for “creating economic opportunity.”
2. Incentivize the deployment of *clean* distributed energy resources. Incenting *polluting* resources (e.g., diesel generators) would be contrary to legislative intent.
3. Possible metrics: total DER-produced electricity, DERs interconnected, speed of DER interconnection; possibly measuring specific resources and/or geography and demographics of DER owners.
4. Incent equity in DER deployment.
5. Outcomes from interconnection docket in baseline.

Customer Service Performance

1. Customer service experience is relatively subjective.
2. Narrow quantitative metrics may or may not accurately reflect the overall experience of customers.
3. Surveys may be a good way to capture this subjective experience. Surveys used for metrics should be conducted, and their methodology for both questions and delivery developed by, third parties.
4. Participation in utility programs such as energy efficiency or DER compensation, may also be a useful measure of customer service.

Pollution Reduction

Suggested as one of the two “at-large” performance metric categories

1. Utilities have extensive power to impact pollution.
2. Electrifying services that currently use onsite fossil fuels (e.g., cars, boilers, furnaces, stoves) is a major opportunity for pollution reduction by utilities.
3. Pollution reduction measures may also support affordability outcomes. Deliberately structuring the metrics can ensure these outcomes are harmonious.
4. Pollution disproportionately impacts people with low incomes and people of color. Metrics should track, account for, and incent improvement of this problem.

J.C. Kibbey
Illinois Advocate, Climate & Clean Energy Program

NATURAL RESOURCES DEFENSE COUNCIL
20 N. WACKER DRIVE, STE 1600, CHICAGO IL 60606
OFFICE: 312-995-5909 | JKIBBEY@NRDC.ORG | WWW.NRDC.ORG
